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FACT SHEET: The Home Improvement Guaranty Fund

One of the most frustrating experiences for any homeowner is suffering through a poorly-done home improvement project – or one that was paid for, but never completed.

Even more frustrating is going to court, receiving a judgment in your favor, and then discovering that the judgment is virtually worthless because the contractor has no assets or can't be located.

But there is help for consumers through Connecticut's **Home Improvement Guaranty Fund**. This is a pool of money administered by the Connecticut Department of Consumer Protection (DCP). It is created and replenished from annual assessments of registered contractors, and can be used to help satisfy an unpaid judgment to a homeowner.

You may be eligible for up to \$15,000 from the Fund if your home improvement problem meets the following criteria:

- Your contractor must have been registered with the Department of Consumer Protection at the time you signed your contract, or within two years before the date of execution of your contract, or at the time of your court judgment.
- The contract must be for work on residential property (single or multi-family dwellings of six units or less, or condos or cooperatives).
- The total price of the work involved must be more than \$200.
- You must apply to the Fund within two years after you received the court judgment against your contractor.

- For Federal or Superior Court judgments, you must have tried to collect the money owed you by means of a marshal's "writ of execution," and were unsuccessful in that attempt. (If it is not possible for you to comply with this requirement, but you *can* show that you have taken all reasonable steps to collect the amount of the judgment, the DCP Commissioner may excuse you from this requirement.)
- For Small Claims judgments, you are not required to attempt to collect by means of a writ of execution. If the contractor does not pay you in accordance with the judgment, you may apply directly to the Guaranty Fund.

The Home Improvement Fund Does *Not* Cover:

- Construction of a new home (with certain exceptions). (There is a separate New Home Guaranty Fund; see our Fact Sheet, ***What You Need to Know About New Home Construction.***)
- The purchase of materials with no arrangements to perform any work or labor.
- The purchase of goods or services for commercial use or resale.
- The purchase of appliances (stoves, refrigerators, etc) which can be easily removed from the home without material alteration.
- Work performed by the homeowner on his or her own property, without pay.

You Should Also Know...

Any money that will be paid to you from the Guaranty Fund is based on the balance in the Fund at a given time, as well as the number of claims against that money. In order to preserve the integrity of the Fund, the DCP Commissioner reserves the right to direct payment from the Fund in an amount less than was awarded to you in your judgment. If this is the case, the Commissioner will order that you be paid the balance of your award when the Fund is replenished.

You may recover from the Guaranty Fund actual damages, court costs and attorneys' fees as ordered in your court judgment, up to \$15,000. Attorney fees are payable *only if your court judgment includes the attorney fees* in the awarded amount. An affidavit from you or your attorney that itemizes payment of your attorneys' fees is *not* acceptable. Also, attorney fees cannot be awarded by the Department in an Order of Restitution.

If you have multiple contracts, the court judgment must specifically make a finding on the number

of contracts and the amount of damages allocated to each contract. Without such a finding of the court, DCP will make only one award, not to exceed the \$15,000 maximum.

You will have to turn over to the DCP Commissioner your right to recover the amount that has been paid to you from the Fund. Also, after you have been paid from the Fund, any money you receive from the contractor or his representative (i.e., his insurance company), must be returned to the Fund.

If your contractor files for bankruptcy and lists you with nominal damages, or \$0 for damages, the Department will accept your affidavit with supporting documentation in order to determine damages.

If you believe that your case meets these eligibility criteria, contact the Department of Consumer Protection, Trade Practices Division, for an application form. Please call us at (860) 713-6125 or toll-free in Connecticut at 1-800 842-2649. You may also download the form from our website at www.state.ct.us/dcp.